Special Report for the
Minister of Children and Youth Services

January 2008

Follow-up of 2006 Audits of the Child Welfare Services Program and Four Children's Aid Societies

Office of the
Auditor General
of Ontario

Office of the Auditor General of Ontario

To the Honourable Deborah Matthews
Minister of Children and Youth Services

I am pleased to transmit my report on our follow-up of audits of the Child Welfare Services Program and four Children's Aid Societies, which you requested pursuant to Section 17 of the *Auditor General Act*.

It is my understanding that you will be making it publicly available. At that time, we will make the report available both in hard-copy form and on our website in English and in French.

Jim McCarter
Auditor General

January 29, 2008

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Ce document est également disponible en français.

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Special Report

for the Minister of Children and Youth Services

Follow-up of 2006 Audits of the Child Welfare Services Program and Four Children's Aid Societies

Background

On December 5, 2006, the Auditor General of Ontario tabled his *2006 Annual Report* in the Legislative Assembly. The report contained two sections pertaining to audits in the child-welfare sector: Section 3.01—a report on the Ministry of Children and Youth Service's (Ministry's) administration of the Child Welfare Services Program; and Section 3.02—a report on the audit of four selected Children's Aid Societies (Peel, Thunder Bay, Toronto, and York).

Our audit of the Child Welfare Services Program concluded that the Ministry must be more diligent in overseeing the work of the Children's Aid Societies (Societies) to ensure that children in need are being adequately protected. We also found that program costs almost doubled between 1999/2000 and 2004/05, while key service volumes increased by only about 40%. We concluded the Ministry needed to enhance its oversight of society spending and assess the appropriateness of its current funding model.

Our 2006 audit work at the four Societies concluded that Societies needed to be more vigilant to ensure that they receive—and can demonstrate that they receive—value for money spent. We also noted that stricter adherence to child-welfare legislation and policy requirements was needed to ensure that children in their care receive the appropriate services and protection.

On December 7, 2006, the Minister of Children and Youth Services (Minister) wrote to the Auditor General advising him that the Ministry had already taken or was planning to take a number of steps to address the report's findings and recommendations in order to strengthen the child-protection system as a whole. In her letter, the Minister also stated that, to help ensure that the child-protection system has made the required improvements, she was requesting that the Auditor General, under Section 17 of the *Auditor General Act*, conduct in 2007 a follow-up review of the Ministry's Child Welfare Services Program and the four Societies that had been audited in 2006.

The Auditor General wrote to the Minister on December 13, 2006, indicating that we normally conduct follow-up work on previous audits two years after each audit, which would mean that we

would normally report on our follow-up of these audits in late 2008. However, given the Minister's request, we agreed to conduct this follow-up work in late 2007 and report the results directly to the Minister.

Scope and Timing of Review

In July 2007, staff of the Auditor General's Office met with senior management of the Ministry, and in September 2007 with the four Societies and the Ontario Association of Children's Aid Societies, to discuss the approach to and scope of the work to be undertaken. We advised them that our approach would be similar to our normal follow-up work done on all audits, except that we would do the work about nine months earlier than usual.

Our normal follow-up work consists primarily of inquiries and discussions with management and a review of selected supporting documentation. It should be noted that this is not a full-scope audit and, accordingly, we can provide only a moderate level of assurance that the corrective actions taken to date have been effective.

We conducted our fieldwork in late fall 2007, completing it in December.

Overall Assessment

Even before we started our follow-up work, it was apparent to us that the Ministry, the four Societies audited in 2006, and the Ontario Association of Children's Aid Societies were all taking our recommendations seriously. On a number of occasions since our Annual Report was issued in December 2006, we have been consulted on the approach being taken to address our recommendations.

Our follow-up work revealed that good progress has been made in several areas, including:

- The Ministry has adopted a new strength-based risk assessment model and is enhancing its oversight of Societies to help ensure that the needs of children referred to a Society are being appropriately and consistently met.
- Procedures relating to the Ministry's annual licensing reviews and serious-occurrence and complaint-reporting processes have been improved.
- The four Societies we audited have tightened controls over the acquisition of professional services, expenditures relating to credit-card purchases, the acquisition and use of vehicles, and approval for overtime or bonus payments.
- New quality assurance review procedures have been implemented by the four Societies to provide better assurance that children are being assessed within the required time frames and that their individual care plans are completed in accordance with ministry guidelines.

On the other hand, there are still some areas where additional work is required if all of our recommendations are to be satisfactorily addressed. These include:

- Our concerns regarding the Ministry's method of funding the Societies remain largely outstanding. Specifically, the Ministry does not yet have adequate processes in place to ensure that all Societies are being funded equitably and in accordance with the relative needs of their communities. As well, the Ministry is still not sufficiently monitoring society expenditures to ensure that Societies are providing services in the most cost-effective manner. This oversight is essential if the rapid growth in expenditures relative to caseload growth is to be addressed.
- The ability of the Ministry and individual Societies to address such things as service

quality, cost control, and consistency of service levels across the province would benefit from management having better information and the establishment of reasonable child caseload benchmarks. In this regard, we are encouraged that the Ontario Association of Children's Aid Societies is considering contracting with a third party to undertake work in this area on behalf of all Societies, subject to available funding.

- The significant differences in *per diem* rates across the province for society-operated residential, foster-care, and certain other services have still not been satisfactorily addressed to ensure that such differences result from justifiable differences in service levels or underlying cost components. As well, the funding formula has not been reviewed to ensure that, for example, Societies with higher numbers of children with specialized foster-care needs receive appropriate funding.

Although our follow-up work led us to conclude that reasonable progress is being made on most, but not all, of our recommendations, we acknowledge that the lack of substantial progress in some areas may be due to the relatively short time period between the tabling of our report in December 2006 and our follow-up in fall 2007. Moreover, during that time the Societies were adjusting to new case management standards the Ministry introduced in April 2007. Full implementation of our recommendations in these areas is also dependent on the establishment of and adherence to reasonable caseload standards and the development and implementation of new information technology support systems.

The detailed results of our follow-up work on the Child Welfare Services Program are given in Part 1 below. Part 2 provides the results of our follow-up work on the four Children's Aid Societies.

Part 1 – Follow-up of Child Welfare Services Program

Review Methodology

The process for following up on our 2006 audit of the Ministry's Child Welfare Services Program was similar to the process for our previous follow-up work at this ministry. Specifically, ministry management prepared a summary of actions taken on each of our 2006 recommendations and the Ministry's Internal Audit Services conducted the work it considered necessary to assess and verify the completeness and accuracy of the summary. We reviewed the information provided to Internal Audit Services, Internal Audit's assessment of its completeness and accuracy, and Internal Audit's supporting working papers. We also conducted certain additional procedures to provide assurance on the work done by Internal Audit. These procedures consisted of both a review and analysis of additional documents provided by the Ministry as well as discussions with both program area and internal audit staff.

At the conclusion of our work, we met with senior ministry management to discuss the issues identified.

Detailed Observations

PROGRAM FUNDING

Funding Framework

In our *2006 Annual Report*, we expressed concern that program expenditures had more than doubled since our last audit in 2000, yet caseloads had only increased by about 40%. Given that the Ministry is

required to fund 100% of all society expenditures for mandatory services, it is incumbent on the Ministry to adequately oversee the Societies to ensure that they are acquiring such services as cost-effectively as possible. Such oversight becomes all the more necessary in light of the actual differences in funding we encountered. For instance, we noted that the eight Societies with the biggest funding increases in the five years after our 2000 audit received an average 181% increase in funding whereas the Societies with the smallest increase received only 25% over the same period.

We acknowledged in our 2006 audit that the Ministry had attempted to address these and other issues through the introduction of a new block funding model for the 2005/06 year. The new model was designed to better control costs by requiring Societies whose core "funding factors"—that is, the amount the Ministry funds the Societies to cover their costs as determined by a ministry formula—exceeded the provincial average by more than 10% to explain why and propose a three-year plan to bring their funding requirements back to the provincial average.

However, we continued to have the same concerns about this funding model as we had about previous models in past audits of this program. For instance, the new model continued to perpetuate previous funding inequities by defining a Society's core funding as a prior year's actual expenditures plus 3%. In addition, the Ministry funded select service-volume growth at provincial average *per diem* or benchmark rates, rather than on the basis of a specific assessment of what would be reasonable for each Society. We also noted that the Ministry had not approved society budgets in a timely manner and continued to fund every Society's annual deficit, regardless of the Society's formal budgetary entitlement under the funding framework. This concerned us because there was little incentive for Societies to provide the needed services as cost-effectively as possible.

As a result, we recommended the following:

Recommendation 1

In order to ensure that funding is commensurate with each Children's Aid Society's caseload, the Ministry of Children and Youth Services should:

- *assess the appropriateness of providing all Societies with core funding equal to their 2003/04 actual expenditures plus 3%; and*
- *consider funding volume growth reported by Societies according to detailed assessments of what would be reasonable for each individual Society based on its circumstances, rather than at provincial average costs.*

The Ministry should also ensure that it issues approvals of funding to Societies as early as possible in the fiscal year. In addition, the Ministry should reassess its practice of funding all Societies' year-end deficits regardless of the funding framework used.

Current Status

We were advised that the Ministry implemented a deficit management plan for 2006/07 under which certain society expenditures were to be deemed ineligible for ministry reimbursement. Ineligible expenditures included costs incurred for infrastructure, administration, technology, and capital acquisitions that were not included in the previous year's baseline funding amount. We understand that Societies with ineligible expenditures, which totalled approximately $4.8 million, were required to carry these deficits forward into the next fiscal year.

Notwithstanding the above initiative, we concluded in this follow-up that little substantive progress had been made in implementing our recommendation. With respect to Societies' core funding, we remain concerned that the Ministry's funding model continues to perpetuate previous funding inequities. For example, for 2006/07, core funding provided to all Societies was based on the average of their 2004/05 and 2005/06 actual unit costs, which vary depending on the type or level of service, plus an economic adjustment of 2%.

Figure 1: Funding Allocated to Four Blocks, 2005/06 and 2006/07

Source of data: Ministry of Children and Youth Services

Block Type	Description/Purpose	Final Allocation ($ million) 2005/06	2006/07
1: Agency Core	**2006/07**: average of the actual unit costs for 2004/05 and 2005/06 + 2% economic adjustment and additional year-end funding for demonstrated cost containment and transformation **2005/06**: actual funding in 2003/04 + 3%	1,165.6	1,237.8
2: Change Management Investment	for achieving transformation policy, service priorities, and other related objectives determined by the Ministry	3.1	11.5
3: Select Service-volume Growth Change	for providing eligible service-volume growth as reported by Societies, at ministry-determined provincial average funding factors and thresholds	41.4	26.5
4: Ministry-managed Child Welfare	for specific purposes such as capital acquisitions and technology improvements	21.7	22.3
Total		**1,231.8**	**1,298.1**

(See Figure 1 for Funding Allocated to Four Blocks, 2005/06 and 2006/07). In addition, funding for approved service volume increases continues to be based on society-reported volume increases funded at the provincial average funding rates for those services. As of fall 2007, none of the Societies had been provided with their final budget approval for the 2007/08 fiscal year.

Effect of Revised Risk Assessment

At the time of our audit in 2006, Societies were required by the Ministry to use the standardized Ontario Risk Assessment Model (ORAM) to collect information, assess the risk to a child, and determine what services may be required. Our 2006 audit noted that, although the Ministry conducted child-protection-file reviews in 2002 and 2003 that assessed compliance with ORAM, no such review had been carried out since then. As a result, the Ministry had no process in place to assess a Society's compliance with ORAM requirements and, consequently, did not know whether children were being appropriately and consistently assessed across the province and in each Society.

Our research and our expert advisor indicated that ORAM is often referred to as a "deficit" model of assessment because it highlights areas in which families are deficient and identifies those things that families are unable to do. However, this model is increasingly being replaced in other jurisdictions by a more balanced or "strength-based" model that better incorporates the contributions the child's extended family or community can make.

As a result, we recommended the following:

Recommendation 2

In order to ensure that Children's Aid Societies are providing similar services in similar situations and making appropriate decisions in assessing children's needs, the Ministry of Children and Youth Services should:

- *re-institute a child-protection-file review process similar to the one in place during 2002 and 2003 that assessed compliance with the requirements of the Ontario Risk Assessment Model; and*
- *given the trend in other jurisdictions, consider adopting a strength-based assessment model as soon as is practical and monitor and evaluate its effectiveness.*

Current Status

The Ministry has made good progress in implementing this recommendation.

With respect to the first part of the recommendation, the Ministry has developed an Integrated File Review process, which it intends to apply to all files for children in care and protection. The intention of these reviews is to determine whether Societies are complying with case management standards and whether children are appropriately placed and adequately cared for. At the time of our follow-up, this review process was being piloted in three of nine regions. The Ministry informed us that it intends to roll out the new Integrated File Review process across the province in early 2008.

With respect to the second part of our recommendation, the Ontario Risk Assessment Model has been replaced by a Differential Response Model, which includes revised child-protection standards that use a strength-based assessment process for referrals. The Differential Response Model was implemented across the province in April 2007. We were advised that the Ministry has contracted with a Canadian university to evaluate the new assessment model, with a first draft report expected in April 2008.

Service-and-financial-data Review

In our 2006 audit, we noted that the Ministry's process for reviewing Societies' reported service and caseload data—data that the Ministry uses to assign funding— was insufficient to ensure that caseload information was complete and accurate. Furthermore, the Ministry instructed its regional offices to suspend these service-and-financial-data reviews for the 2005/06 and subsequent fiscal years.

As a result, we recommended the following:

Recommendation 3

In order to ensure that caseload data on which funding levels are based are reliable, the Ministry of Children and Youth Services should consider requesting that Children's Aid Societies provide independent audit assurance on their reported caseload and service data. (Since the financial statements of Societies are already independently audited, the costs associated with this additional audit assurance should not be significant.)

Alternatively, if this option is considered not cost-effective, service-and-financial-data reviews by ministry staff should be regularly conducted. The work completed during such reviews should be sufficient and adequately documented to meet the objectives of the Ministry's funding framework.

Current Status

At the time of our follow-up, the Ministry had not requested or received independent assurance on Society-reported caseloads and service data, nor had it reinstituted its own service-and-financial data reviews, which were suspended in 2005/06. However, it has established a working group, led by the Ministry's Accountability Office, that is in the process of developing a new service-and-financial-data review and analysis tool.

Per Diems for Residential Care

Group Homes and Outside Paid Foster Care

Societies pay *per diems* for various types of residential care provided by Outside Paid Institutions (OPIs), which are individual agencies that the Ministry negotiates with for placing children in group homes or foster families that have contracted with an agency. Our 2006 review of the Ministry's process for negotiating service agreements with OPIs noted the following concerns:

- There were significant differences in the *per diem* rates agreed to and paid to OPIs within and between regions, yet, in most cases, there was little or no documentation on file to illustrate whether or how the Ministry assessed the appropriateness or comparability of these rates.
- In most cases, the Ministry did not enter into written agreements with OPIs detailing

the specific services to be provided for the approved *per diem* rates.

- Societies were advised by the Ministry only of the number of spaces available to them and the *per diem* cost—not the services that were to be provided for the amounts charged.

As a result, we recommended the following:

Recommendation 4

To ensure that per diem *rates paid to Outside Paid Institutions (OPIs) are reasonable and the contracted services are actually received, the Ministry of Children and Youth Services should:*

- *establish appropriate requirements for assessing and documenting the reasonableness of* per diem *rates paid to OPIs and ensure that higher-than-normal* per diems *are justified;*
- *enter into formal agreements with each OPI that detail the respective rights and responsibilities of both the Ministry and the OPI; and*
- *ensure that Children's Aid Societies are aware of the specific services they can expect for the* per diem *rates and assess whether Societies are ensuring that the services being paid for are actually being received.*

Current Status

The Ministry has made a good start in addressing this recommendation. At the time of our follow-up, the Ministry had revised its policies for negotiating rates and services with OPIs. The new policies have been incorporated into a new policy manual titled *Managing* Per Diem *Rates for Outside Purchased Resources*. The manual has been provided to two regional offices for pilot testing of the revised policies. It is anticipated that when the revised policies are rolled out across the province, they will provide for more consistent reporting of information in support of OPI rate requests and enable the Ministry to more consistently compare and negotiate rates and their components. It is also anticipated that this will lead to more standardized rates for similar programs across the province.

Under the revised policies, ministry regional offices are required to advise their OPIs of their agreed-upon rate in writing, together with the services expected for the rates agreed to. OPIs in turn are expected to provide Societies that place children in their care with a copy of the ministry letter at the time of a new placement.

Although the Ministry is not providing the Societies with information about the services they can expect for the negotiated *per diem* rates, requiring OPIs to provide the Societies with the ministry letter noted above should satisfy that part of our recommendation. We also note that, at the time of our follow-up, two of the four Societies were requesting information about the services included in the *per diem* rates directly from the Ministry.

Society-operated Foster Care

Although the *per diem* rates for Society-operated foster care are approximately half of the rates paid for outside paid foster care, our 2006 audit found that there were significant differences between the highest and lowest *per diem* rates paid for Society-operated foster care within and between the three regional offices visited. The Ministry was unable to explain the reason for these differences.

In addition, we noted that the Ministry's funding formula for Society-operated foster care was based on average *per diem* costs for all types of foster care (regular, specialized, and treatment) rather than on actual costs incurred, which could be significantly higher for Societies that have significantly more children requiring the more expensive specialized or treatment foster care.

As a result, we recommended the following:

Recommendation 5

To ensure that per diem *rates paid to all foster families are reasonable, the Ministry of Children and Youth Services should assess the reasonableness of the variances in* per diem *rates paid to foster families for similar care, both within and between regional*

offices. In addition, to ensure that Children's Aid Societies with a large number of children requiring more expensive specialized and treatment foster care receive the funding they need, the Ministry should consider adjusting the funding formula for foster care as needed for Societies with legitimately higher per diem *foster-care costs.*

Current Status

At the time of our follow-up, the Ministry had not assessed the reasonableness of the variances in *per diem* rates paid to foster-care families for similar care both within and between regional offices.

We also note that the Ministry had not adjusted the funding model for foster care. While funding for select service-volume increases is available—as noted in the response to Recommendation 1—this funding is based on provincial average rates, which may or may not reflect the actual costs incurred by a Society.

Quarterly Reporting

Until March 31, 2005, Societies were required to submit quarterly reports that compared total actual spending to budgeted expenditures by category and included relevant caseload data. However, for the 2005/06 fiscal year, new reporting procedures were introduced whereby Societies were required to submit quarterly reports that only compared total baseline funding to forecasted year-end expenditures. In addition, Societies were not required to explain the reasons for variances from budget or propose any necessary corrective actions to address any significant variances.

As a result, we recommended the following:

Recommendation 6

To more effectively monitor the in-year performance of Children's Aid Societies and identify the need for corrective action on a timely basis, the Ministry should:

- *revise the quarterly reporting process to compare actual performance to date against approved budgets and provide related caseload data;*
- *require that Societies identify and explain the reasons for significant variances and propose corrective action; and*
- *follow up with Societies to ensure that the necessary corrective action is taken.*

Current Status

At the time of our follow-up, the Ministry had made some progress in implementing the first part of this recommendation. The 2006/07 quarterly reporting process was revised to include a comparison of expenditures to date against approved budgets and related caseload data and required that Societies identify the reasons for significant variances and propose corrective action.

However, our review of a sample of quarterly reports submitted during 2006/07 found that there was still little evidence that ministry staff reviewed the reports or followed up with Societies to ensure that necessary corrective action was taken.

Annual Program Expenditure Reconciliation

Until March 31, 2005, each Society had to submit to the Ministry a year-end reconciliation of its eligible expenditures with the funding provided by the Ministry. The reconciliation was to be submitted to the Ministry together with an audited financial statement no later than four months after the end of the fiscal year.

Our 2006 review of a sample of submitted reconciliations for 2004/05 found them to be ineffective, in part because the accompanying audited financial statements and note disclosure lacked sufficient detail for the Ministry to effectively identify ineligible expenditures and confirm the accuracy of the reported surplus or deficit.

New reporting procedures were under development at the time of our audit in 2006.

As a result, we recommended the following:

Recommendation 7

To ensure that the new reporting procedures will identify and recover any ineligible expenditures and surplus funding, the Ministry of Children and Youth Services should:

- *ensure that year-end reconciliations and accompanying audited financial statements contain sufficiently detailed information to identify ineligible expenditures and surplus funding; and*
- *provide a template or other guidance to Children's Aid Societies and their auditors outlining the required format for financial statements and including explanatory notes and schedules.*

Current Status

We were advised at the time of our follow-up that the Ministry has established a working group for the purpose of reviewing the annual program expenditure reconciliation for Children's Aid Societies, and that this review would occur early in 2008.

OVERSIGHT OF SERVICES

Risk Assessment

The service-and-financial-data reviews that the Ministry had conducted at Societies up to 2004/05 were never intended to assess either compliance with the Ontario Risk Assessment Model or the appropriateness or consistency of placements or other decisions made regarding services for children at risk. In the absence of any other reviews, the Ministry could not be assured that children were receiving the most appropriate services for their needs and that children with similar needs across the province were receiving a similar level of service.

As a result, we recommended the following:

Recommendation 8

To ensure that children's needs are being consistently assessed across the province and that all children in need of protection are matched with the most appropriate resources, a periodic review—by either staff of the Ministry of Children and Youth Services or a contracted external expert—should be conducted of a sample of case files at the Children's Aid Societies to assess the appropriateness and consistency of placement decisions.

Current Status

The Ministry has developed a new Integrated File Review process, which we understand will include file reviews for both children in care and children in receipt of protection services. We were advised that, when implemented in early 2008, these file reviews will include a ministry assessment of the appropriateness of the placement decision.

Effective December 2007, the Ministry requires that all Societies use its new strength-based assessment tool to develop Plans of Care for each child in a Society's care. All Societies were to adopt this tool in early 2008. The Ministry expects these actions will better ensure that future placement decisions will be more consistent.

Children's File Reviews

Crown Wards

Crown wards are defined as those children for whom all parental rights and responsibilities have been terminated by a court and who are under the direct care and responsibility of a Society. The *Child and Family Services Act* requires that the Ministry review annually the status of every child who has been a Crown ward in the preceding 24 months and report the results of these reviews to the appropriate Society.

When the Ministry identifies instances of non-compliance with regulatory requirements with respect to Crown wards, it must issue a directive to the Society, which must comply within 60 days and

advise the Ministry of its compliance. Non-compliance with less serious non-regulatory requirements usually results in a recommendation for compliance rather than a directive. However, Societies are not required to act on recommendations and do not have to confirm to the Ministry that they have taken action to address the recommendations.

In about 10% of the files we examined in 2006, the Ministry issued recommendations to address non-compliance with regulatory matters instead of the required directive. In addition, over 15% of the files we reviewed contained issues that should have been brought forward as either recommendations or directives but were identified as neither. Furthermore, there was no evidence in the files we sampled that a supervisor had reviewed the Crown-ward reports to ensure that they were completed appropriately and consistently.

As a result, we recommended the following:

Recommendation 9

To ensure that care and services provided to Crown wards are appropriate and in compliance with regulatory requirements, the Ministry of Children and Youth Services' review of Crown-ward files should assess whether:

- *appropriate directives or recommendations have been issued for all instances of non-compliance with program regulations or other requirements;*
- *directives and recommendations have been followed up; and*
- *files have been reviewed and approved by supervisors.*

Current Status

For the most part, the Ministry has made good progress in implementing this recommendation.

In February 2007, the Ministry issued a *Crown Ward Review Guide* that includes enhancements to the Crown-ward review process, including clarification regarding the use of directives and recommendations for non-compliance with program requirements. Reviewers are required to explicitly state in their reports the rationale for issuing a directive or a recommendation. Training for the new requirements was provided to all reviewers in May 2007. Crown-ward reviewers and program supervisors now share responsibility for ensuring that follow-up action has been taken on all directives issued. More specifically:

- Program supervisors in the Ministry's regional offices must follow up with Societies on the status of directives issued as a result of their annual Crown-ward reviews.
- Crown-ward reviewers must follow up and review the documented actions taken on directives issued during the previous annual Crown-ward review.

Although Crown-ward review files and decisions made are not formally reviewed or approved by a supervisor, we were advised that informal team discussions occur between Crown-ward reviewers on issues of interest, which could contribute to the quality and consistency of reviews.

Non-Crown Wards

Non-Crown wards are children in residential care for whom parental rights and responsibilities have not been terminated by a court. In our *2006 Annual Report*, we acknowledged that, in accordance with a recommendation made in our previous audit in 2000, the Ministry had implemented annual reviews of a sample of non-Crown-ward files. In 2003, the Ministry expanded these reviews to include child-protection files at all Societies. However, starting in 2004, the Ministry discontinued the reviews of all non-Crown-ward and child-protection files.

As a result, we recommended the following:

Recommendation 10

To ensure that care and services provided to non-Crown wards and children receiving protection services are appropriate and in compliance with program

requirements, the Ministry of Children and Youth Services should:

- *reinstate regular reviews of both non-Crown-ward and child-protection files;*
- *communicate all instances of non-compliance with program requirements to the Children's Aid Societies and ensure that corrective action is taken in a timely manner; and*
- *consider providing Societies with information on the most common areas where improvements are required, as well as guidance on how to address those areas.*

Current Status

As already noted with respect to Recommendation 8, the Ministry has developed an Integrated File Review process that will include regular reviews of both non-Crown-ward and child-protection files beginning in early 2008.

Our review of the sample forms to be completed during these file reviews noted that there are specific sections to be completed with respect to follow-up, if required, by the Children's Aid Society, the Child Welfare Review Unit, and the Ministry's regional office. This should help ensure that all instances of non-compliance with program requirements are communicated to the appropriate authority and followed up on in a timely manner.

However, we noted that there is no requirement in the Ministry's new process that the Ministry provide Societies with information on the most common areas where improvements are required.

Licensing of Children's Residences

Children's residences and foster-care operators must apply annually for licence renewals, and they must do so prior to the expiry date of the current licence. Provided that the applicant has completed and submitted an application for renewal, a licence past its due date is deemed to continue until the request for renewal has either been granted or denied.

The Ministry conducts annual licensing inspections with specific requirements as to what is to be checked before the licence renewal can be approved. However, our 2006 review of a sample of these annual licensing inspection files noted that many lacked the documentation required to support the reissuing of a licence. In half of the files we sampled, we found that the number of licensing interviews and/or the number of files reviewed did not meet the minimum number required by the Ministry's own policies before a licence could be renewed. In more than 80% of the files reviewed, we found that the Ministry issued the renewal after the expiry of the previous licence. We also found that the Ministry had not ensured that the necessary corrective actions were taken to address instances of non-compliance identified during licensing inspections.

In addition, many licensing staff indicated that they had received no formal training with regard to the *Child and Family Services Act*, licensing procedures, and interviewing techniques. They told us they believed training in these areas would be useful.

As a result, we recommended the following:

Recommendation 11

To help ensure that residential-care operators provide minimum acceptable standards of care to children, the Ministry of Children and Youth Services should:

- *conduct licensing inspections and renew licenses prior to expiry;*
- *ensure that the licensing inspection process is conducted and appropriately documented in compliance with ministry policies;*
- *ensure that timely corrective action is taken to address non-compliance issues identified during licensing inspections; and*
- *provide periodic formal training to licensing staff.*

Current Status

At the time of our follow-up, the Ministry had automated its licensing inspection system and was in the process of developing a risk management framework which, when completed, is to help prioritize the inspection workload, resulting in more timely inspections and licensing renewals.

The new system also includes an automated licensing checklist that has been piloted and is expected to be implemented across the province early in 2008. The automated checklist has a number of features that should help to ensure that licensing inspections are adequately conducted and appropriately documented in compliance with ministry policies. However, the new automated system will not address the issue of appropriate follow-up of significant instances of non-compliance to ensure that the necessary corrective action has been taken on a timely basis.

With respect to providing formal training to licensing staff, the Ministry provided a general province-wide training session in January 2007. In addition, a province-wide training survey of all licensing specialists and program advisors was completed in summer 2007, and additional training was provided to staff in October 2007 in the areas of need identified by the survey.

Reporting of Serious Occurrences

Societies and outside service providers are to report instances such as serious injuries, assaults, use of physical restraints, and other physical abuse of children in care to the Ministry within 24 hours of the occurrence. They are also required to file a written follow-up report within seven working days of the first notification detailing corrective actions taken. The Ministry is to conduct appropriate follow-up where necessary.

Our 2006 review of a sample of serious-occurrence files found that many of the initial notification and follow-up reports were not filed on a timely basis. In addition, serious-occurrence outcomes were sometimes unclear and there was no documented evidence of ministry follow-up.

We also noted that there was no documented evidence that the Ministry reviewed and analyzed annual summary-and-analysis reports submitted by the Societies to identify and follow up on unusual trends or the more common serious occurrences so that proactive guidance could be provided to all Societies.

As a result, we recommended the following:

Recommendation 12

To ensure that all serious occurrences are appropriately dealt with, the Ministry of Children and Youth Services should ensure that:

- *all serious-occurrence reports are submitted on a timely basis and all necessary follow-up actions are taken by the service provider; and*
- *it reviews all annual summaries and service reports from service providers and takes the required follow-up action where necessary.*

Current Status

In fall 2007, the Ministry started to provide training to both ministry regional office staff and service provider staff on the importance of accurate and timely serious-occurrence reporting. In addition, a review of a sample of initial-notification and subsequent follow-up reports found that they were generally submitted on a timely basis.

With respect to the review and analysis of the annual summary-and-analysis reports provided by the Societies, one of two regions we reviewed on this issue had developed a summary-analysis sheet to help review and analyze the annual summary-and-analysis reports submitted by their Societies. However, there was no documented evidence that the other regional office had reviewed and analyzed the annual summary-and-analysis reports received.

Complaints

Our 2006 audit found that none of the three regional offices we visited had any system to track complaints. In addition, the Ministry did not request detailed complaint information from Societies. As a result, the Ministry could not perform any analysis on complaints received by Societies to determine whether there were any serious or systemic issues that warranted further follow-up.

As a result, we recommended the following:

Recommendation 13

To help identify areas of concern regarding service delivery and compliance with ministry policies, the Ministry of Children and Youth Services should require that Children's Aid Societies:

- *maintain information on complaints; and*
- *annually report the number and types of complaints and how they were resolved.*

Current Status

The Ministry has made good progress in implementing this recommendation.

In October 2006, the Ministry issued a regulation under the *Child and Family Services Act* that established processes and timelines for the investigation and adjudication of complaints by either an Internal Complaint and Review Panel established by the Society or the Ministry's Child and Family Services Review Board.

The Ministry also developed a resource guide for use by Societies in implementing the new requirements. The resource guide outlined the standardized client complaint process as well as a requirement to set up a system to track complaints, including those that move on to the Child and Family Services Review Board. Information that is required to be tracked includes the number of written complaints received; the number of complaints considered eligible for review; the type of complaint received (such as those related to service decisions, service quality, and/or access to information contained in files); how the complaint was resolved or, alternatively, whether the complaint remains unresolved. In addition, this information is required to be reported to the Ministry through the regular quarterly reporting process.

Part 2 — Follow-up of Four Children's Aid Societies

Review Methodology

In her December 7, 2006 letter to the Auditor General, the Minister of Children and Youth Services advised us that she had already met with the Board Chair, Treasurer, and Executive Director of each of the four Children's Aid Societies audited to discuss the issues raised in the audit and to review their action plans to address the audit findings. She also indicated that the Ministry would take further steps, which included:

- ongoing monitoring of progress being made to implement the Societies' action plans in order to hold Societies accountable for meeting their commitments;
- creating a new Accountability Office that is intended to, among other things, provide ministry staff with the training and tools needed to provide better oversight and create a new culture of continuous improvement of Societies;
- requiring all Societies to meet higher standards, consistent with those of the Ontario Public Service for its own employees and programs, in areas such as the procurement of goods and services, travel, meals and other expenses, hospitality, and the management of fleet vehicles; and

- strengthening accountability and enforcement by including these higher standards in more detailed annual agreements with Societies and other ministry-funded agencies.

As well, we were aware that extensive consultations took place between the Ministry and the four audited Societies over the spring and summer of 2007 with respect to the above steps.

In August 2007, we wrote to each of the Societies asking them for the action plans they had prepared for the Ministry. We also asked for, and received from each Society, information on the current status of the implementation of the various components of its action plan. In addition, we inquired about the progress of the Ministry's Accountability Office and met with the executive directors of the four audited Societies and the Ontario Association of Children's Aid Societies to discuss the approach to and scope of our review.

The scope of our work was based on our assessment of the action plans that had been provided to us and the status of their implementation and included site visits to each of the four Societies to review relevant files and administrative procedures. We also held discussions with the appropriate staff of each Society as we considered necessary.

At the conclusion of each site visit, we met with senior management and representatives of the Societies' boards of directors to discuss the issues identified during our follow-up.

Detailed Observations

DUE REGARD FOR ECONOMY AND EFFICIENCY

Purchasing Policies and Procedures

In 2006, we found that one of the Societies visited had no written purchasing policies or procedures whatsoever. While the remaining three operated under a variety of policies and procedures, our review of a sample of purchases found that they often did not comply with them.

As a result, we recommended the following:

Recommendation 1

To help ensure that expenditures represent value for money spent while promoting fair dealings with vendors, Children's Aid Societies should:

- *establish prudent requirements for the competitive acquisition of goods and services; and*
- *adhere to those requirements, unless they can document adequate reasons for doing otherwise.*

Current Status

On October 22, 2007, the Ministry issued a new policy directive with respect to the procurement of goods and services, requiring that all society purchases of goods over $25,000 and services over $100,000 must be acquired through an open and transparent competitive process. For purchases under those threshold amounts, the Societies are to establish their own procurement policies and procedures that include requiring they demonstrate that they received value for money spent.

We noted that the Society that had not established purchasing policies and procedures in 2006 had developed policies which were generally consistent with the Ministry's new directive. The three Societies that did have policies and procedures at the time of our audit in 2006 continue to have such policies. However, because the new ministry directive was not issued until near the end of our follow-up work, the three Societies had not had the opportunity to revise their policies to be consistent with the new ministry directive.

We also noted that three of the four Societies have developed an internal review process to help ensure that purchasing policies and procedures were being complied with. As part of our follow-up, we reviewed a limited sample of purchases made at all four Societies during 2007. At two of the Societies, we still found some instances where the

existing policies and procedures were not complied with.

Professional Services

Societies generally acquire the services of professionals, including lawyers, psychologists, psychiatrists, and interpreters, from selected individuals or firms. In 2006, we found the following in the vast majority of cases:

- There was no indication on how a particular firm or individual providing professional services was selected.
- There was no attempt to establish or periodically evaluate the qualifications of individuals or firms providing services.
- There was no written agreement detailing either the condition under which services were to be provided or how the amounts to be billed and paid were to be determined.

We also found that invoices for professional services often lacked the necessary detail to enable an assessment of whether billings were reasonable and appropriate, or even whether services had actually been delivered.

As a result, we recommended the following:

Recommendation 2

In order to promote value for money spent in the purchase of professional services, Children's Aid Societies should:

- *document the basis on which professional firms or individuals were selected and why the fees were commensurate with the qualifications of those firms or individuals;*
- *enter into formal written agreements detailing the conditions under which services are to be provided and paid for, and periodically evaluate results achieved; and*
- *ensure that invoices contain sufficient detail to assess the appropriateness and reasonableness of amounts billed.*

Current Status

At the time of our follow-up, three of the four Societies had developed a policy that requires that staff document the basis on which professional firms or individuals are selected and enter into formal agreements with successful vendors. However, due to local circumstances, two of the Societies intend to phase in their policy over periods extending up to April 2009. Consequently, our review of a sample of arrangements for the provision of professional services found a number of instances where the basis on which professional firms or individuals were selected was not yet documented and/or written agreements were not yet in place.

Our review of a sample of invoices for professional services at all four Societies found that improvements had been made—most invoices now contained sufficiently detailed information to assess the appropriateness and reasonableness of the amounts billed and paid.

Travel Expenses

Vehicles Leased or Owned by Societies

In 2006, we noted that three of the four Societies visited had either no or only a few owned or leased vehicles. However, the fourth Society had an extensive fleet of approximately 50 vehicles. Our comments and concerns with respect to the use of vehicles by this Society included the following:

- Almost half of the vehicles logged fewer than 10,000 kilometres per year, with some logging less than 4,000 kilometres per year.
- Some senior management staff received high-end luxury vehicles.
- With a few exceptions, no travel logs were maintained for vehicles, making it impossible for the Societies to effectively monitor and control their use or for us to assess the purpose and extent of use.

As a result, we recommended the following:

Recommendation 3

In order to help ensure that vehicles are owned or leased only when necessary, and that transportation requirements are acquired economically, those Children's Aid Societies that have vehicles should:

- *analyze their transportation requirements and ensure that the number of vehicles they own or lease is justified based on those requirements;*
- *reassess the appropriateness of acquiring high-end luxury vehicles; and*
- *maintain logs for all vehicles to effectively control and monitor their use.*

Current Status

This recommendation did not apply to the one Society that did not have any owned or leased vehicles. None of the remaining three Societies had analyzed its transportation requirements at the time of our site visit. However, they all indicated that they would be participating in a new Ministry-prescribed assessment of vehicle utilization and cost effectiveness using vehicle usage data for September 1 to November 30, 2007. This assessment was to be completed by December 17, 2007.

The Society that had high-end vehicles now requires that a business case be approved by the Executive Director before any such vehicles are acquired. We were advised that no new high-end vehicles have been acquired since the time of our audit in 2006 and that the previous high-end vehicles have been disposed of.

We also noted that, at the three Societies that have vehicles, usage logs are now being completed in most cases to better monitor and control vehicle use.

Use of Society Credit Cards

Our review of a sample of payments to credit-card companies in 2006 found that at three of the four Societies visited, most of the detailed supporting receipts were appropriately attached to the monthly statements and supported the amounts paid. However, at the fourth Society, detailed receipts were missing in the majority of cases and in almost all cases of meal and entertainment expenses.

We also found that there were no policies in place regarding international travel or the supervisory level at which such travel is to be approved. In the absence of a clear policy, we noted a number of instances where the international travel that was paid for was, in our view, questionable.

As a result, we recommended the following:

Recommendation 4

In order to ensure that payments made for credit-card purchases are legitimate and reasonable in the circumstances, Children's Aid Societies should:

- *obtain sufficiently detailed receipts necessary to establish the appropriateness and reasonableness of items purchased, and the amounts billed and to be paid, and reconcile these receipts with the credit-card companies' monthly statements;*
- *ensure that all amounts paid are reasonable and for valid business purposes; and*
- *develop a policy regarding out-of-country travel that clearly indicates under which circumstances such travel is permissible, and sets out reasonable fare guidelines.*

Current Status

Our review of a sample of credit-card expenditures at the time of our follow-up, found that Societies were obtaining receipts that were sufficiently detailed to establish the reasonableness and appropriateness of their purchases and that these receipts were being reconciled to credit-card statements monthly. This finding included the Society at which we had noted problems in 2006. We also noted that most of the expenditures we reviewed were reasonable and for valid business purposes. However, we did note a few relatively minor exceptions at two of the Societies visited, such as the provision of hospitality to staff members without adequate documentation of the reason, and charitable donations.

We further noted that the Societies have developed policies regarding out-of-country travel. However, we found that these policies were very general in nature and did not indicate the specific circumstances under which such travel is permissible, nor did they set out reasonable fare guidelines (outlining the specific circumstances for permissible travel is also a requirement under a new ministry policy directive that became effective April 1, 2007).

We again noted examples where one Society paid for out-of-country trips for children and their caseworkers without adequately documenting the rationale for the duration, type of accommodation, and various other costs associated with this international travel.

Reimbursements for Use of Personal Vehicles

In 2006, our review of a sample of monthly travel expense claims from staff, volunteers, and foster parents for the use of personal vehicles noted the following:

- The reason for the travel claims was often not documented, making it impossible to determine whether the kilometres claimed were work-related.
- Travel claims often contained no start and end points for the trips claimed, making it impossible for the superviors approving the claim to determine the reasonableness of the number of kilometres claimed.
- In cases where start and end points were provided, the number of kilometres claimed often varied significantly for the same trip or were vastly different from distances indicated on Internet mapping programs.

As a result, we recommended the following:

Recommendation 5

In order to help ensure that amounts reimbursed for the use of personal vehicles are reasonable and work-related, Children's Aid Societies should:

- *require the purpose of each trip be documented, and ensure that all claim forms indicate start and end points for the trips claimed; and*
- *ensure that kilometres claimed for longer trips are reasonable relative to distances indicated by Internet mapping programs, unless otherwise explained.*

Current Status

At the time of our follow-up, the Societies were requiring that employees' claims for the use of personal vehicles must document the purpose of each trip and its start and end points. Some exceptions to these requirements were noted for claims by volunteers and foster parents, which we felt was reasonable.

Our review of a sample of claims found that, in most cases, the required information was now being provided. Three of the Societies also recently started to spot check claims for longer trips against Internet mapping programs to ensure that the kilometres claimed were reasonable.

Residential Care Costs

Placement Decisions

In 2006, we noted that, although the Ministry negotiates and enters into service agreements with Outside Purchased Institutions, which are private service providers, it does not provide the Societies with information specifying the services to be provided for the ministry-negotiated *per diem* rates.

We also noted that, given the significant differences in services and placement options from child to child, it is essential that Societies assess and document the needs of each child and the rationale supporting the placement decision. However, this is difficult to do without the specific information contained in the Ministry's agreements with Outside Purchased Institutions, and the Societies may not be making the best placement decision as a result.

We further noted that the processes for making placement decisions varied significantly across the

Societies, and, in most cases, no documentation was maintained to support the placement decision.

As a result, we recommended the following:

Recommendation 6

In order to help ensure that children are appropriately and economically placed, Children's Aid Societies should:

- *obtain from the Ministry of Children and Youth Services detailed information on the specific services covered by the* per diem *rates in the contracts with outside purchased institutions and on whether any other services are available; and*
- *formally document the basis and factors on which placement decisions are made.*

Current Status

At the time of our follow-up, two of the Societies were obtaining detailed information from the Ministry on the specific services to be provided for the *per diem* rates negotiated with the Outside Purchased Institutions in which they place children, while the other two Societies were not.

All Societies showed a significant improvement in documenting the factors considered in the placement decision, which helps to ensure and demonstrate that children are being placed in the homes that can best meet their needs. However, there was little, if any, documentation indicating that the comparative *per diem* rates relative to the services to be received were considered in the placement decision, which brings into question the cost-effectiveness of the placement.

Special Rate Agreements

In many cases, Societies are asked by Outside Purchased Institutions to enter into Special Rate Agreements for additional services beyond those included in the basic *per diem* rates negotiated with the Ministry. Our review of a sample of such agreements in 2006 noted the following:

- At two of the four Societies we visited, there were no written agreements in place detailing the additional services to be provided and no documented assessment of why the additional services were deemed necessary.
- At none of the Societies were there written procedures in place requiring periodic visits to the institution to verify and document that the agreed-upon additional services were being received.

As a result, we recommended the following:

Recommendation 7

In order to ensure that Children's Aid Societies enter into Special Rate Agreements only when necessary, and that contracted-for services are reasonably priced and actually received, Children's Aid Societies should:

- *periodically assess and document the need for additional services over and above those provided for under the Ministry-negotiated* per diem *rate;*
- *enter into written agreements spelling out what additional services are to be provided, and at what cost; and*
- *periodically visit the institution providing the services to verify and document that they actually receive the additional services for which they pay.*

Current Status

At the time of our follow-up, the Societies had made good progress on this recommendation and were assessing and documenting the need for additional services over and above the services provided for under the Ministry-negotiated *per diem* rates, when this information was available. In addition, the Societies now require and prepare written agreements spelling out what additional services are to be provided and at what cost.

However, only one of the four Societies periodically visits the Outside Purchased Institutions providing the services specifically for the purpose

of verifying that the children actually receive the additional services they are paying for.

CASE MANAGEMENT AND QUALITY OF SERVICE

Intake/Investigation Process

To help ensure that all children referred to a Society as potentially needing protection are appropriately and similarly assessed, at the time of our audit in 2006 all Societies were required to follow the Ontario Risk Assessment Model (ORAM). Our 2006 examination of a sample of case files found frequent instances of non-compliance with the requirements of the Intake/Investigation Process prescribed by the Ministry under ORAM, which brought into question whether all children referred were promptly and appropriately assessed and, if necessary, followed up on to ensure that they received the services they required within the prescribed time frames.

As a result, we recommended the following:

Recommendation 8

To ensure that all referrals of children potentially in need are appropriately assessed and investigated on a timely basis, and that Children's Aid Societies can demonstrate that they have done so, Societies should conduct and adequately document the Intake/Investigation process required under the Ontario Risk Assessment Model, within the required time frames, for all referrals.

Current Status

Effective April 1, 2007, the Ministry prescribed a new Differential Response Model that modified the intake and investigation process and altered or extended some of the previous requirements and/or timelines under the Ontario Risk Assessment Model.

At the time of our follow-up, all Societies had provided training to their staff on the new standard and had implemented software programs to monitor compliance with the new requirements.

In addition, the Societies had introduced new quality assurance processes, under which they had reviewed a sample of intake and investigation files from both the period prior to and the period after the introduction of the new model. Although this review noted instances of non-compliance—such as investigations not completed on a timely basis—the results of the review were discussed with caseworkers and supervisory staff in order to ensure that the necessary corrective actions were taken.

Overall, we felt this was a good initiative that should ultimately enhance the Societies' intake and assessment processes.

Ongoing Protection Services

The Ministry requires that children placed under protection must have detailed needs assessments and Plans of Care or Plans of Service completed within specified time periods. Our 2006 review of a sample of case files noted a number of instances where these requirements were not being complied with. For example, Plans of Service, Plans of Care, and visits to children were often not completed within the required time frames.

As a result, we recommended the following:

Recommendation 9

To ensure that all children and families get the services they require on a timely basis, and to ensure that Children's Aid Societies can demonstrate that they are properly monitoring cases, all Societies should conduct and adequately document the ongoing protection services procedures required under legislation and the Ontario Risk Assessment Model.

Current Status

As noted in the preceding recommendation section, at the time of our follow-up all four Societies had provided training to their staff on the new Differential Response Model and had implemented

programs to monitor compliance with the new standards of the model. The Societies' new quality assurance program includes an assessment of whether adequate Plans of Care or Plans of Service have been completed. We noted that where these quality assurance processes detected instances of non-compliance, the results were discussed with caseworkers and supervisory staff.

Quality Assurance over Case Files

In our *2006 Annual Report*, we noted that, while the Ontario Risk Assessment Model required Societies to perform quarterly supervisory reviews on 10% of the cases deemed ineligible for service, only two of the four Societies carried out these reviews. In addition, only one Society had a quality assurance function to review a sample of all types of case files.

As a result, we recommended the following:

Recommendation 10

Children's Aid Societies should implement periodic quality assurance reviews of referrals deemed ineligible for service, as well as of open case files, to ensure compliance with Ontario Risk Assessment Model requirements and to assess the appropriateness of decisions being made by front-line caseworker staff.

Current Status

As noted previously, the Societies now have a quality assurance process in place that includes a review of a sample of all types of case files, including those referrals received that were deemed ineligible for service.

We also noted that, under the new Differential Response Model, there is no longer a requirement in place to review cases that are deemed ineligible for service. One Society indicated to us that it intends to stop reviewing these types of files in the future due to a lack of resources. However, the Ministry advised us that is considering including a review these files in its new Integrated File Review Process.

Extended Care and Maintenance Agreements

As mentioned previously, when parental rights and responsibilities have been legally terminated and a child is under the care of a Society, the child is considered a Crown ward. Although a Society's responsibility for the child can stop once the child reaches the age of 18, many Societies enter into Extended Care and Maintenance Agreements providing ongoing support to former Crown wards until they reach the age of 21. This ongoing support is intended to help the young person work towards specified goals that aid in the transition to independent living.

Our review of a sample of Extended Care and Maintenance Agreements noted that the Societies were not adequately ensuring that the youths signed the agreement nor that the agreements included required conditions, such as school attendance or a certain frequency of contact with the Society. As well, we noted that Societies were not adequately monitoring youths who had entered into these agreements to ensure that the goals of the program and any conditions relating to the funding provided were being met.

As a result, we recommended the following:

Recommendation 11

To comply with the intent of Extended Care and Maintenance Agreements, Children's Aid Societies should ensure that:

- *agreements are properly completed and signed by all required parties, and include all Ministry-required goals and conditions; and*
- *youth are adequately monitored and assessed for compliance with the terms of their agreement.*

Current Status

At the time of our follow-up, three of the four Societies had reviewed their extended care and maintenance files and revised their procedures to help ensure that Extended Care and Maintenance

Agreements were in place and renewed on a timely basis.

However, our review of a sample of files still found a number of instances where agreements lacked specific goals for the youth, the expected frequency of contact with the caseworker, and the signature of the youth receiving support. The files also lacked the documentation necessary to demonstrate that the youths were adequately monitored for compliance with the terms of their agreement.

Society-operated Foster Care

Societies are responsible for recruiting, approving, training, and monitoring all foster parents other than those contracted through an external agency. Our review of a sample of foster parent files in 2006 found that, in most cases, specific requirements for recruiting, approving, training, and monitoring were being met and documented. However, a few exceptions were noted—such as the lack of required police checks on file or of assessments of foster parents' financial stability.

As a result, we recommended the following:

Recommendation 12

To help ensure that foster parents have the necessary skills and resources to provide quality care to the children entrusted to them, Children's Aid Societies should verify and document adherence to the requirements for the recruiting, approving, training, and monitoring of foster parents.

Current Status

Our review of foster care files indicated that, with a few minor exceptions, files contain the necessary documentation to demonstrate adherence to the requirements for the recruiting, approving, training, and monitoring of foster parents.

Outside Purchased Institutions

At the time our audit in 2006, the three Societies that used Outside Purchased Institutions (OPIs) extensively to provide residential or other services all required that an annual evaluation of the institutions they used be performed. However, two of the three Societies did not perform the required annual reviews, and the third Society that carried out the reviews often documented them six or seven months after the fact.

As a result, we recommended the following:

Recommendation 13

To help ensure that children are placed in Outside Purchased Institutions that provide quality care and services, Children's Aid Societies should have policies and procedures requiring them to perform annual evaluations of the Institutions used, and they should comply with these policies. In addition, Societies should provide the Ministry with copies of the annual evaluations for consideration during the licensing and contracting process.

Current Status

At the time of our follow-up, three of the four Societies had a policy in place requiring them to conduct annual evaluations of their OPIs. However, we were advised that one of the Societies that had such a policy in 2006 had rescinded it, primarily due to a lack of resources.

In the 12 months preceding our follow-up, one of the Societies conducted a review of all of its OPIs, while two other Societies conducted a review of about one-third of their OPIs. All of the Societies intended to eventually rely on the Shared Services initiative—a common approach to rate setting and contracting across the province—for such reviews. However, we understand this initiative is now on hold. We also question whether complete reliance on Shared Services will be adequate for Societies to have the necessary assurance that quality care and services are being provided.

We also noted that the Society that reviewed all of its OPIs was the only one to submit its annual review to the Ministry for use during the Ministry's licensing and contracting process. We believe this information would be useful to the Ministry and encourage the extension of this information-sharing initiative to all Societies using OPIs.

Human Resources Management

Caseloads

In our *2006 Annual Report*, we noted that, in light of the increasing complexity of child-protection caseloads, the previous ministry caseload benchmarks that were used for funding purposes up to April 2003 may no longer be appropriate.

As a result, we recommended the following:

Recommendation 14

Children's Aid Societies should:

- *establish reasonable caseload benchmarks for their caseworkers; and*
- *collect information on caseworker caseloads in a format that allows comparison to established benchmarks in order to determine whether current Society caseloads are appropriate.*

Current Status

At the time of our follow-up, three Societies had established caseload benchmarks based on either union negotiations or the old ministry-funding benchmarks adjusted for specific circumstances. These Societies used the benchmarks to monitor against actual workload on a regular basis and adjusted staff caseloads accordingly. However, given the potentially wide variations in caseload benchmarks, we questioned whether there had been sufficient analysis of the underlying caseload complexities to support the reasonableness of the established benchmarks.

We were advised that the fourth Society had a project under way to establish benchmarks by early 2008.

In discussions with the Ontario Association of Children's Aid Societies, we were advised that the Association has requested that the Ministry fund a third-party review to develop reasonable caseload benchmarks for use by all Societies across the province. We support this initiative.

Time Accounting

At the time of our *2006 Annual Report*, none of the Societies had a time-accounting system in place for its caseworkers. As a result, Societies were unable to monitor, for example, the time their caseworkers spent on direct-service delivery, which may have contributed to the service-delivery deficiencies noted in other parts of the report.

As a result, we recommended the following:

Recommendation 15

In order to ensure that staff time is properly monitored and accounted for, Children's Aid Societies should institute a time-accounting system to track how their caseworkers use their time.

Current Status

At the time of our follow-up, one Society had implemented a computerized time-accounting system, which has the ability to track how its caseworkers use their time. Another Society had developed a manual system to track time spent by caseworkers in the field.

It is anticipated that a single information system, currently under development by the Ministry and being piloted in three other Societies, will be able to provide useful information regarding the management of caseworkers' caseloads and how their time is spent, once it is rolled out to all Societies.

After-hours Program

Our 2006 audit noted that three of the four Societies did not track the number of hours worked by staff during the after-hours program or the volume of calls per shift, and thus did not have an accurate

picture of utilization of on-call staff. Scheduling of after-hours staff was therefore not based on an analysis of need or specific call volumes at any of the Societies visited. Our analysis indicated that after-hour staff were often being underutilized.

As a result, we recommended the following:

Recommendation 16

In order to properly allocate after-hours staff based on call volume, and to determine optimal staffing levels, Children's Aid Societies should have systems in place to monitor and analyze after-hours call volumes and the utilization of staff, and then assign staff accordingly.

Current Status

At the time of our follow-up, all four Societies were tracking call volumes for the after-hours program with a view to assessing workload and staffing requirements. One Society had already reduced its after-hours program staffing and further reductions were likely. Two of the remaining three Societies advised us that they will analyze the results of their tracking in early 2008 and, if warranted, adjust staffing of the after-hours program at that time.

Staff Qualifications and Requirements

Our review of a sample of personnel files in 2006 found that most were in compliance with Societies' internal policies regarding procedures to be completed for hiring new staff and ongoing performance management. A few instances of non-compliance were noted, such as missing reference checks, no verification of qualifications, and overdue performance appraisals.

As a result, we recommended the following:

Recommendation 17

Children's Aid Societies should have supervisory personnel perform spot checks to ensure compliance with internal policies regarding hiring practices and the ongoing management of employee performance.

Current Status

At the time of our follow-up, all four Societies had conducted a one-time review of their human resources files to assess whether the required documentation was on file. These reviews, as well as our own review of a sample of human resources files, found that most of the required documentation continued to be on file—with a few exceptions similar to those noted in 2006.

In addition, the Societies have undertaken various initiatives to help ensure future compliance with human resources file requirements, such as adding the human resources function into the internal audit plan, providing semi-annual lists of performance appraisals that are overdue to supervisory staff, and establishing a common anniversary date for performance appraisals.

Other Human Resource Issues

At the time of our 2006 audit, we noted that two Societies paid significant additional remuneration to some employees. This took the form of bonuses and compensation for excessive overtime and unused vacation days. These payments were not covered by the normal policies and procedures relating to remuneration and benefits.

As a result, we recommended the following:

Recommendation 18

Children's Aid Societies should ensure that additional remuneration paid to employees over and above their regular salary is in compliance with established policies and approved by senior management and the Board of Directors as appropriate.

Current Status

Our follow-up review found that the two Societies to which this recommendation applied had strengthened their procedures for overtime and bonus payments by requiring that a director pre-approve overtime; overtime hours be taken as time off in lieu of payment within three months of them being incurred; and bonuses be linked to

pre-approved performance indicators and approved by the Executive Director or the Board. We were advised by these two Societies that overtime payments subsequent to our 2006 audit were minimal and that no bonus payments had been made since that time.

Complaints

In 2006, our review of a sample of complaints files noted many instances where files were missing the documentation necessary to demonstrate that the required complaints follow-up process was followed or that specific follow-up timelines were adhered to.

As a result, we recommended the following:

Recommendation 19

In order to help ensure that complaints get timely and appropriate attention and resolution as required under the Child and Family Services Act, *Children's Aid Societies should:*

- *ensure that internal policies and time requirements are adequate and complied with; and*
- *maintain adequate records in order to properly track all complaints received, along with their resolution.*

Current Status

In October 2006, the Ministry issued a regulation under the *Child and Family Services Act* that establishes processes and timelines for the investigation and adjudication of complaints by either an Internal Complaint and Review Panel established by the Society or the Ministry's Child and Family Services Review Board.

At the time of our follow-up, three of the four Societies had updated their internal policies for dealing with complaints to reflect the requirements of the regulation, and these same Societies generally maintained adequate documentation to demonstrate that the process was adhered to. The fourth Society had also updated its policies; however, some of the legislated requirements were missing from those policies, and most of the complaints reviewed were missing documentation necessary to demonstrate the process was followed.

In addition, all four Societies were logging and tracking complaints received, including documenting how the complaints were resolved.

Serious Occurrences

Our examination of the serious-occurrence reporting process at the Societies visited in 2006 found that most of the files reviewed were not in compliance with the required ministry policies and procedures. Examples of non-compliance included not adhering to time requirements for reporting the occurrence to the Ministry and lack of documentation on the follow-up action taken as a result of the incident.

As a result, we recommended the following:

Recommendation 20

All Children's Aid Societies should:

- *comply with ministry requirements to ensure all serious occurrences are reported to the Ministry in a timely fashion; and*
- *ensure the required follow-up action is taken and documented for the protection of all parties involved.*

Current Status

At the time of our follow-up, three of the four Societies had provided training to staff on serious-occurrence-reporting requirements, and the fourth was planning a course in December 2007.

The Societies' internal reviews of their serious-occurrence-reporting process still noted some instances where the requirements for reporting serious occurrences to the Ministry were not adhered to. However, all four Societies have implemented a new oversight process whereby a senior staff member tracks and periodically reviews reported serious occurrences where the required follow-up action is still outstanding.

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